

Message Text

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E.O. 11652: N/A

TAGS: ETRD, EEWT, EWWT, UR, US

SUBJECT: STR HEARING ON MARINE CARGO INSURANCE COMPLAINT
AGAINST USSR

1. ON MARCH 7 STR HELD PUBLIC HEARING ON COMPLAINT OF
AMERICAN INSTITUTE OF MARINE UNDERWRITERS AGAINST SOVIET
UNION UNDER SECTION 301 OF THE TRADE ACT. HEARING PANEL
CHAIRD BY SHIRLEY COFFIELD, OFFICE OF THE GENERAL COUNSEL,
STR; OTHER AGENCIES REPRESENTED ON PANEL WERE STATE (EB/OT/
STA), AGRICULTURE, COMMERCE (ITA), LABOR AND TREASURY.

2. APPEARING ON BEHALF OF THE AIMU WERE GERALD V. S.
PEPPERELL, CHAIRMAN; THOMAS FAIN, PRESIDENT, AND JOHN RICKER,
PAST CHAIRMAN. IN ADDITION EMIL A. KRATOVIL, NATIONAL
ASSOCIATION OF INSURANCE BROKERS, INC. APPEARED IN SUPPORT
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OF THE AIMU COMPLAINT. PANEL HEARD PREPARED STATEMENTS FROM
THESE FOUR AND ASKED THEM QUESTIONS.

3. IN THEIR PRESENTATIONS THE AIMU REPRESENTATIVES POINTED
OUT THAT SOVIETS EXERCISED A MONOPOLY OF BILATERAL MARINE
CARGO INSURANCE BUSINESS THROUGH THEIR INSISTENCE ON BUYING
FOB OR FAS AND SELLING CIF. AIMU REPS DESCRIBED THE EFFORTS

WHICH THEY HAD MADE TO RESOLVE THIS PROBLEM DIRECTLY WITH

THE SOVIETS BUT BECAUSE OF LATTER'S UNWILLINGNESS TO DEAL WITH THE ISSUE THEY CONCLUDED IT WOULD REQUIRE FURTHER ACTION BY THE USG TO RESOLVE IT. (COPIES OF THE TRANSCRIPT OF THE HEARING AND THE DOCUMENTS SUBMITTED WILL BE POUCHED TO THE EMBASSY WHEN AVAILABLE.)

4. IN THE MAIN AIMU PRESENTATIONS FOLLOWED LINES OF THE INSTITUTE'S PREVIOUS REPRESENTATIONS TO THE USG ON THIS ISSUE, WITH IMPORTANT ADDITION OF ALLEGATION THAT THE SOVIETS SOUGHT TO CONTROL THE INSURANCE ON BILATERAL CARGO DURING ITS MOVE FROM PLANT TO DOCKSIDE IN THE US. AIMU REPRESENTATIVES POINTED OUT THAT SOVIETS CGARGE 7 1/2 CENTS PER HUNDRED FOR THIS PORTION OF CARGO MOVEMENT, WHILE A US UNDERWRITER WOULD CHARGE ONLY ABOUT 1 CENT. THE PRACTICE HAS BEEN CONFIRMED BY A US EXPORTER TO THE SOVIET UNION. PRESENTATION OF BROKER REPRESENTATIVE ADDED FURTHER DIMENSION TO EVIDENCE IN SUPPORT OF AIMU CLAIM.

5. INTERESTED PARTIES WILL BE GIVEN 15 DAYS AFTER AVAILABILITY OF TRANSCRIPT TO PROVIDE ADDITIONAL INFORMATION ON THE SUBJECT. A 301 COMMITTEE REVIEW WILL THEN PROCEED AND IT WILL BE DECIDED WHAT FURTHER ACTION BY THE GOVERNMENT WILL BE NEEDED TO SOLVE THE PROBLEM. VANCE

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